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Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

CBS INC.,

Petitioner,

—v.—

STEPHEN M. SILVERMAN,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

A panel of the United States Court of Appeals for the Second Circuit held that CBS had abandoned its trademarks in "Amos 'N' Andy" and associated marks when, in direct response to significant adverse public opinion, CBS withdrew the Amos 'N' Andy radio and television programs from commercial use. The Second Circuit reversed, in pertinent part, a judgment of the District Court for the Southern District of New York, which declared that CBS Inc. had not abandoned its trademarks in the Amos 'N' Andy radio and television series because no intent to abandon the trademarks had been demonstrated. In reversing the District Court, the Second Circuit effectively ignored this Court's and its own precedent that actual intent to abandon must be found before a trademark can be deemed abandoned.

The Court of Appeals decision presents the following questions:

1. Should a party be denied trademark protection if it withdraws its trademark from commercial use in response to adverse public opinion where there is clearly no intent to abandon the trademark?

2. Did the Second Circuit ignore applicable state law in a diversity case when it held that voluntary intent to abandon a trademark was not necessary to abandonment of the trademark, thus creating a new state law standard for determining when abandonment of trademarks has taken place?

PARTIES TO THE ACTION

Petitioner, defendant below, is CBS Inc. ("CBS"). A list of CBS's subsidiaries is set forth in the appendix to this petition for a writ of certiorari ("App."), at App. 64a.

The respondent, plaintiff below, is Stephen M. Silverman.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioner, CBS Inc., respectfully requests that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit entered on February 6, 1989, on the grounds that the Court of Appeals decided a federal question in a way conflicting with applicable decisions of this Court, that the Court of Appeals rendered a decision in conflict with the decisions of other federal Courts of Appeals on the same matter, and that the Court of Appeals departed from the accepted and usual course of judicial proceedings so as to call for an exercise of this Court's power of supervision.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Second Circuit is reproduced at App. 3a. The pertinent deci-

sions of the District Court, which are reported at *Silverman v. CBS Inc.*, 632 F. Supp. 1344 (S.D.N.Y. 1986) and 666 F. Supp. 575 (S.D.N.Y. 1987), are reproduced at App. 27a and 51a.

STATEMENT OF JURISDICTIONAL GROUNDS

The judgment of the Court of Appeals was entered on February 6, 1989. This Court has jurisdiction to review the judgment pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The relevant provisions of the Federal Trademark Act of 1946 (the "Lanham Act"), as amended, 15 U.S.C. §§ 1051 *et seq.*, are reproduced at App. 63a.

STATEMENT OF THE CASE

CBS Inc. stopped commercial exploitation of the "Amos 'N' Andy" radio and television series and the associated trademarks because of and in deference to adverse public reaction to the depiction of blacks in those series. That adverse public reaction continues today.

As recently as November 16, 1988, Congressman Robert H. Michel, the House Republican leader, was forced to apologize publicly for making nostalgic remarks about the Amos 'N' Andy radio programs on a national television program. *The New York Times*, November 17, 1988, p. B13 (App. 65a). On March 16, 1989, the syndicated television program *Entertainment Tonight* aired a discussion of Amos 'N' Andy and this case. The Rev. Jesse Jackson was interviewed and said, in part, that Amos 'N' Andy was "racist and demeaning and enforced the ugliest of stereotypes." The N.A.A.C.P. was quoted as saying that it "will do everything it can to prevent [the] production" of plaintiff's musical play.

The main question presented here is whether, as the District Court said:

> It would be offensive to basic precepts of fairness and justice to penalize CBS, by stripping it of its trademark rights, merely because it succumbed to societal pressures and pursued a course of conduct that it reasonably believes to be in the best interests of the community.

666 F. Supp. at 581 (App. 61a).

The extremely popular Amos 'N' Andy radio program series began in 1928 and the rights to it were purchased by CBS in 1948, which continued the radio program until 1955. CBS also created and broadcast the Amos 'N' Andy television program beginning in 1951. App. 28a.

In response to significant and vocal opposition from numerous civil rights groups, CBS decided to withdraw the Amos 'N' Andy television series from further commercial distribution in 1964. App. 52a.

CBS did not, however, by such voluntary withdrawal, abandon its trademarks in the Amos 'N' Andy programs. To the contrary, for the next twenty years CBS constantly policed its rights. CBS actively took steps to protect its rights in the properties by registering copyrights in the television programs in 1978 and 1980 and renewing them thereafter. App. 61a, 54a.

CBS also licensed the Amos 'N' Andy programs and trademarks for educational, historical or documentary uses. App. 53a. In such cases, CBS did demand and receive a license fee for the use of the Amos 'N' Andy properties.

In addition to those uses of the trademarks, CBS continually reevaluated possible additional uses for the properties associated with the trademarks. App. 53a. For example, as testified to at trial, CBS explored releasing the television programs on cable television, but decided against that proposal based upon the continued adverse public reaction to Amos 'N' Andy.

In short, as the District Court found, during the period of suspension of commercial exploitation, CBS never intended to abandon the Amos 'N' Andy trademarks. App. 59a.

On this record, without challenging the District Court's factual findings, the Court of Appeals reversed and voided CBS's trademarks. The Court of Appeals held the trademarks to be abandoned because CBS did not have concrete plans to resume "commercial" use of the trademarks. App. 17a. CBS was thereby penalized for making only limited, responsible use of its trademarks, a result prohibited by this Court's express precedents.

In reversing, the Court of Appeals disregarded the well-settled rule that trademark abandonment, both under federal and state law, requires strict proof of an actual intent to abandon. The Second Circuit applied a new standard requiring a trademark owner that has suspended commercial use to show (1) "plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate," as well as (2) reasonable grounds for the suspension of use. App. 16a. This holding followed a recent Fifth Circuit case that also departed from the well-established "intent to abandon" standard in favor of a standard requiring "intent to resume use" to avoid abandonment.

Supreme Court and other federal and state trademark nonuse cases require only a showing of reasonable grounds for suspension of use of the mark to rebut a claim of abandonment based on nonuse. Consequently, the Court of Appeals' additional requirement of affirmative plans to resume use deviated from controlling precedent.

The Court of Appeals also departed from a large and controlling body of precedent in holding that "commercial" use, as distinct from use "in commerce", was necessary to preserve CBS's trademarks. It is well settled that trademarks can be established and maintained for non-profit uses.

Finally, because state law applies to the subject trademarks, which were not federally registered, the Court of Appeals also erred under *Erie* when it diverged from existing state precedents. New York state law requires proof of an actual intent to abandon, the standard rejected by the Court of Appeals here.

THE FACTS OF THE CASE

Most of the facts described here were found by the District Court. The remainder are based on uncontradicted evidence submitted to the District Court. The District Court's factual findings were not disturbed on appeal.

Beginning in 1928, Freeman F. Gosden and Charles J. Correll created and broadcast a radio program known as "The Amos 'N' Andy Show". The program quickly became one of the most popular shows on radio. App. 28a.

By contract dated August 19, 1948, Gosden and Correll assigned all of their rights in the Amos 'N' Andy programs, including any goodwill attached to their creations, to CBS. CBS broadcast "The Amos 'N' Andy Show" on radio until 1955. App. 28a.

In 1951, CBS began broadcasting the television series entitled "The Amos 'N' Andy Show". The television show continued in non-network syndication until November 1964, when CBS decided not to grant any further licenses for its broadcast. Television broadcasts ceased in 1966. App. 28a.

CBS withdrew "The Amos 'N' Andy Show" from television syndication in response to pressure from civil rights groups, especially the N.A.A.C.P., which claimed that the show presented a demeaning portrayal of blacks. CBS's suspension of commercial use was and is based on its concern with the sensitivity of the subject matter and its expectation of being put in disfavor with civil rights groups. App. 52a, 53a.

As a result of the long-running Amos 'N' Andy radio and television series, many attributes of the programs acquired national fame and recognition, as plaintiff admitted. App. 60a n. The well-known attributes of the Amos 'N' Andy properties include the names of the principal characters (e.g., Amos Jones, Andy Brown, The Kingfish, Algonquin J. Calhoun and Sapphire), the appearance of the characters as portrayed in the television series, their business and social enterprises (The Fresh Air Taxi Company, the Mystic Knights of the Sea Lodge), and

numerous distinctive words, phrases and symbols used repeatedly in the programs (most prominently, "Holy mackral"). *See* App. 44a n.

The title "Amos 'N' Andy" was and is a powerful trademark representing the radio and television series. According to a telephone survey in 1985, a substantial percentage of the public today would believe that plaintiff's musical play, if produced, was approved, licensed, or produced by the same source as the radio and television programs, namely, CBS. *See* App. 47a n.

As stated above, CBS since 1964 has only permitted use of its Amos 'N' Andy properties for educational, historical or documentary purposes. For example, CBS used excerpts from the Amos 'N' Andy television series in a CBS news special broadcast in 1968. In 1972 CBS licensed excerpts for inclusion in the motion picture "Malcolm X". In 1982, CBS licensed a limited run Writer's Workshop play in New York City entitled "What Ever Happened Ta Amos 'N' Andy?" In 1983, CBS licensed Mr. Michael Avery to use excerpts of the Amos 'N' Andy television series in a film documentary entitled "Amos 'N' Andy: Anatomy of a Controversy". App. 53a.

CBS has also periodically reconsidered reviving the television series, including, for example, rebroadcasting the existing television series over cable television. As of 1984,[1] however, CBS had not discovered a commercial use of the property that, in its view, would not provoke an adverse public reaction and that would be consistent with the sensitive nature of the property. App. 53a.

CBS has vigorously protected its rights to the Amos 'N' Andy television series and associated characters during the years of limited use. CBS has continually demanded that infringers cease and desist unauthorized use of the property, whenever it learned of such use. In 1978 and 1980, CBS registered approximately 70 television episodes for copyright (seven had already

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1 The District Court refused to receive evidence of CBS's activity with respect to the property after the date of commencement of the lawsuit in March 1984.

been registered in 1961), and renewed them in 1981. Later, CBS sought and obtained copyright registration for the scripts of many Amos 'N' Andy radio programs. App. 61a, 54a.

Beginning in 1981, plaintiff, Stephen M. Silverman, requested permission from CBS to produce a musical play based upon a script entitled "Amos 'N' Andy Go To The Movies" (the "Silverman script"). App. 52a. The Silverman script was designed to take advantage of the continuing public goodwill for CBS's Amos 'N' Andy television programs. Silverman has conceded that the association of his musical play with the television and radio series would make it more popular, and attempted to interest CBS in the project (before the lawsuit began) by pointing out the existence of a "built-in audience" and the general familiarity with and nostalgia for the Amos 'N' Andy programs. App. 60a n.

CBS declined to grant the requested license to Mr. Silverman, following its policy against commercial exploitation of Amos 'N' Andy. This action followed.

THIS ACTION

Plaintiff filed this action on March 16, 1984 seeking a declaration that CBS had no trademark or other exclusive rights in the material contained in scripts for the Amos 'N' Andy radio programs broadcast between 1928 and March, 1948. Silverman claimed that he was therefore free to produce a musical play based on a script he had written. App. 28a.

Silverman concealed from the District Court the fact that he had included in his script substantial excerpts from a copyrighted CBS radio script of a later date (1952). In the course of discovery, CBS discovered the secret copying of material from CBS's copyrighted script and other copyrighted works. CBS then interposed counterclaims for copyright and trademark infringement, unfair competition and dilution of its trademarks. App. 29a.

On May 23, 1985, CBS moved for summary judgment on its counterclaims and dismissing the complaint. On April 15, 1986,

the District Court granted CBS partial summary judgment on its copyright claims, finding that Silverman's script infringed a copyrighted CBS radio script, enjoined further copying and declared the copyright in Silverman's script to be void. App. 30a-43a.

On the ground of unripeness, the District Court dismissed CBS's trademark infringement, unfair competition and anti-dilution claims, finding that they would not be ripe until and unless Silverman actually produced his musical play. App. 46a-48a. The Court also dismissed Silverman's complaint except in so far as it sought a declaration that CBS had abandoned its trademark rights in any trademarks associated with the Amos 'N' Andy television series. App. 49a n.

Silverman proceeded to trial on the abandonment issue in April, 1987. On August 4, 1987, the District Court ruled that CBS had not abandoned its trademarks associated with the Amos 'N' Andy radio and television series. The Court relied on CBS's continuing, albeit limited, use of the trademarks, its continual policing of infringements, its registration and renewal of over 100 copyrights covering radio scripts and television programs, and its periodic internal reconsideration of broader use of the Amos 'N' Andy properties. App. 61a.

The District Court noted that CBS had withdrawn the Amos 'N' Andy programs from commercial use in deference to civil rights concerns, and concluded:

> It would be offensive to basic precepts of fairness and justice to penalize CBS, by stripping it of its trademark rights, merely because it succumbed to societal pressures and pursued a course of conduct that it reasonably believes to be in the best interests of the community.

App. 61a.

The Court of Appeals reversed the District Court on the issue of abandonment of trademarks, contravening this Court's precedents and decisions of other Courts of Appeals, its own prior decisions and decisions of New York state's highest court in doing so. Rejecting the "intent to abandon" standard estab-

lished in this Court's decisions (and its own), the Court of Appeals created a new standard for rebutting a presumption of abandonment based upon nonuse, as follows:

> A proprietor who temporarily suspends use of a mark can rebut the presumption of abandonment by showing reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate.

App. 16a.

This new standard "rewarded" CBS for its responsible use of the Amos 'N' Andy trademarks by voiding them. Because the Second Circuit's new standard for determining whether a trademark has been abandoned represents a major departure from prior federal and state precedent, CBS seeks a writ of certiorari.

FEDERAL JURISDICTION OVER THIS ACTION

According to plaintiff-respondent, the District Court had jurisdiction over this action pursuant to 28 U.S.C. § 1338(a) and (b) and principles of pendent jurisdiction.

REASONS FOR GRANTING THE WRIT

I.

THE DECISION BELOW DIRECTLY CONFLICTS WITH DECISIONS OF THIS COURT AND WITH THOSE OF OTHER CIRCUITS

The Second Circuit held below that a trademark owner can only rebut a presumption of abandonment of its mark based on nonuse for two or more years if it can show (1) "reasonable grounds for the suspension" of use and (2) "plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate." App. 16a.

This holding is in direct conflict with two prior decisions of this Court which hold that acts that otherwise would prove

abandonment may be rebutted merely by showing that there was no actual intent to abandon. The decision below is also in conflict with decisions of other circuits on the meaning of abandonment and is also contrary to the Lanham Act's definition of abandonment. The holding also conflicts with a long line of decisions in the same and other circuits holding that proof of an external cause for suspension of use alone suffices to rebut abandonment.

A. This Court Has Held That The Standard For Abandonment Of A Trademark Is Actual Intent To Abandon

This Court has held that:

> [t]o establish the defense of abandonment it is necessary to show not only acts indicating a practical abandonment, but an *actual intent to abandon*. Acts which unexplained would be sufficient to establish an abandonment may be answered by showing that there never was an intention to give up and relinquish the right claimed. (emphasis added)

Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19, 31, 21 S. Ct. 7, 11-12, 45 L. Ed. 60 (1900).

The District Court here expressly found that CBS had no "intent to abandon" the Amos 'N' Andy trademarks, as *Saxlehner* requires. 666 F. Supp. at 580 (App. 59a). As the District Court said, CBS's "actions are entirely inconsistent with the intent to abandon or relinquish rights in the Amos 'N' Andy marks." *Id.* The Court of Appeals did not disagree, but rejected the Saxlehner "intent to abandon" standard in favor of a new standard of its own devising. App. 15a n.

In *Baglin v. Cusenier Co.*, 221 U.S. 580, 597-98, 31 S. Ct. 669, 674, 55 L. Ed. 863 (1911), this Court emphasized that abandonment was not a penalty to be imposed for nonuse, but was strictly a matter of intent:

> [T]he loss of the right of property in trade-marks upon the ground of abandonment is not to be viewed as a penalty either for non-user or for the creation and use of new

> devices. There must be found an *intent* to abandon or the property is not lost . . . . (emphasis in original).

The Court noted that plaintiff stopped use of the trademarks because of a liquidation of assets and loss of the trademarks in France to another party. This did not constitute an abandonment, the Court said, because there was no "consent" to the abandonment, as shown by the plaintiff's continuous protection of its trademarks:

> 'Abandonment in industrial property is an act by which the public domain originally enters or reenters into the possession of the thing (commercial name, mark, or sign,) by the will of the legitimate owner. The essential condition to constitute abandonment is, that the one having a right should consent to the dispossession. Outside of this there can be no dedication of the right, because there cannot be abandonment in the juridical sense of the word.'
>
> . . . The attitude of [plaintiffs] in their efforts here and in other countries to prevent the use of the old marks shows clearly that there has been no intention to abandon.

221 U.S. at 598, 31 S. Ct. at 674.

Thus, there can be no question that this Court has declared abandonment to be a matter of subjective intent of the trademark owner, determined by the volition of the owner. There is no doubt that CBS did not, by "will" or "consent," abandon the trademarks. Contrary to the dictates of *Baglin*, abandonment was imposed by the Second Circuit here as a "penalty . . . for non-user." 221 U.S. at 597-98, 31 S. Ct. at 674.

The Supreme Court has not spoken on this issue since before the enactment of the Lanham Act in 1945. While the Court of Customs and Patent Appeals has held that the Lanham Act "evidences a more lenient attitude toward nonuse" than prior law, the Second Circuit has obviously gone in the opposite direction. *Compare American Lava Corp. v. Multronics, Inc.*, 461 F.2d 836, 839 (C.C.P.A. 1972) *with* App. 15a n. We respectfully submit that it is time for this Court to revisit the

issue of abandonment under federal law and reestablish the rule of actual intent to abandon, which is now being ignored.

B. There Is Confusion Among The Circuits As To The Standards For Determining Trademark Abandonment

In voiding CBS's trademarks, the Second Circuit rejected not only this Court's prior holdings but also its own and those of sister circuits. The decision below, and other circuit court decisions, have created a split in the circuits requiring resolution.

The standard enunciated by this Court, requiring an actual intent to abandon, has been the rule applied by a number of the Courts of Appeals, including the Second Circuit, until very recently. *See Citibank, N.A. v. Citibanc Group, Inc.*, 724 F.2d 1540, 1545 (11th Cir. 1984); *Skippy, Inc. v. CPC International, Inc.*, 674 F.2d 209, 216 (4th Cir.), *cert. denied*, 459 U.S. 969 (1982) ("To prove abandonment, a party must show intent to abandon."); *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 138 (3d Cir. 1981) (quoting *Saxlehner* and noting "twin requirement of non-use and intent to abandon is embodied in section (a) of the [Lanham Act] statutory definition of abandonment"); *Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980) (quoting *Saxlehner* and stating "objective facts can satisfactorily explain non-use to the point where an inference of intent to abandon is unwarranted"); *Miller Brewing Co. v. Oland's Breweries [1971] Limited*, 548 F.2d 349, 352 (C.C.P.A. 1976) (quoting *Saxlehner*); *Wallace & Co. v. Repetti, Inc.*, 266 F. 307, 308 (2d Cir.), *cert. denied*, 254 U.S. 639 (1920) (quoting *Saxlehner*).

The requirement of an actual intent to abandon is also consistent with the well-established principle that abandonment, being in the nature of a forfeiture, must be strictly proved. *See Citibank, N.A.*, 724 F.2d at 1545; *Saratoga Vichy Spring Co. Inc. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *American Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 624-25 (5th Cir. 1963).

In 1983, the Fifth Circuit adopted a new standard for abandonment of a trademark through nonuse, a standard that

clearly conflicts with earlier Supreme Court precedent and decisions in other circuits. In *Exxon Corp. v. Humble Exploration Co., Inc.*, 695 F.2d 96 (5th Cir. 1983), the Fifth Circuit created a distinction for the first time between "intent to abandon" a trademark and "intent not to resume" use, the phrase used in 15 U.S.C. § 1127(a). It noted that an owner may not wish to abandon its mark but may have no current intent to resume use. The Fifth Circuit held that to retain a mark in the absence of use, the trademark owner must prove an "intent to resume commercial use" of the mark, not simply an intent not to abandon. *Id.* at 102. The new standard enunciated by the Fifth Circuit was also adopted by the Eighth and Eleventh Circuits. *Ambrit, Inc. v. Kraft, Inc.*, 805 F.2d 974, 994 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Hiland Potato Chip Co. v. Culbro Snack Foods, Inc.*, 720 F.2d 981, 984 (8th Cir. 1983).

The decision below departed even further from earlier precedents than *Exxon* did, holding that an owner of a mark can avoid a finding of abandonment only by "showing reasonable grounds for the suspension *and plans* to resume use *in the reasonably foreseeable future* when the conditions requiring suspension abate" (emphasis added). The Second Circuit not only adopted the Fifth Circuit standard of abandonment requiring the trademark owner to show concrete plans to resume commercial use; it also required, for the first time, that the plans must be for the reasonably foreseeable future after the reason for suspension of use of the mark ceases.

The standards for what constitutes abandonment of a trademark adopted by the Second Circuit and the Fifth Circuit are in direct conflict with earlier decisions of this Court and the above-cited decisions in other circuits, all of which require an actual intent to abandon, not an absence of plans to resume use. This Court's intercession is necessary to settle the issue.

Furthermore, contrary to the holdings in the Second and Fifth Circuits, there is nothing in the Lanham Act that requires "commercial" use to obtain or sustain a trademark. The Lanham Act only requires that a use be made "in commerce." 15 U.S.C. § 1051. There is no question that trademarks can

subsist for non-commercial uses. *Purcell v. Summers*, 145 F.2d 979, 985 (4th Cir. 1944) (name of "eleemosynary or charitable organization" protected; "The fact that a corporation is an eleemosynary or charitable one and has no goods to sell, and does not make money, does not take it out of the protection of the law of unfair competition"). *Accord, United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. 61, 71 (N.D. Calif. 1972), *aff'd*, 573 F.2d 1226 (9th Cir. 1975) ("benevolent, religious, charitable or fraternal organizations"); *see also, N.A.A.C.P. v. N.A.A.C.P. Legal Defense & Education Fund*, 753 F.2d 131, 137 n.57 (D.C. Cir.), *cert. denied*, 472 U.S. 1021 (1985) (non-profit organization); *National Board of YWCA v. YWCA of Charleston, S.C.*, 335 F. Supp. 615, 621 (D.S.C. 1971) (religious, benevolent or fraternal organization).

Thus, the non-commercial uses to which CBS has put the trademarks negate any claim of "nonuse" and are sufficient to preserve CBS's rights. Here again, the Second Circuit's decision represents a conflict among the Circuits that only this Court can resolve.

C. The Second Circuit's New Abandonment Rule Is Inconsistent With The Lanham Act

The requirement that there must be actual intent to abandon, contrary to the decision below, is also apparent from the statutory treatment of abandonment. The Lanham Act provides that a "mark shall be deemed to be 'abandoned'—(a) When its use has been discontinued with intent not to resume . . . ." 15 U.S.C. § 1127(a). The Lanham Act also refers to abandonment in 15 U.S.C. § 1059, which permits the owner of a trademark to renew its registration if "any nonuse is due to special circumstances which excuse such nonuse and it is not due to any intention to abandon the mark."

The use of the phrase "intention to abandon" in § 1059, without any suggestion that the standard is different from the "intent not to resume" language in § 1127, shows that the Lanham Act did not mean to change existing law, which the

Court below erroneously concluded. App. 14a-15a. During the hearings on the Lanham Act, a representative of the American Bar Association quoted the language defining abandonment and then stated: "[t]hat, of course, is present law." Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents, 78th Cong., 2d Sess. 24 (1944). The Lanham Act could not have intended to create two separate abandonment standards: one, harsher, to find abandonment under § 1127, and another, under § 1059, more lenient, to determine when a mark's registration may be renewed.

Thus the Court of Appeals erred when it held the phrase "intent not to resume" in § 1127 represented a stricter standard than the preexisting "intent to abandon" standard. App. 14a-15a. Indeed, the Lanham Act made it easier than before for trademark owners to maintain their trademark rights despite suspension of use. The C.C.P.A., in *American Lava Corp. v. Multronics, Inc.*, 461 F.2d 836 (C.C.P.A. 1972), held that the petitioner in a trademark cancellation petition did not have to show use of its own mark when it filed the cancellation proceeding. The Court cited § 1059 and commented that the Lanham Act, "evidences a more lenient attitude toward nonuse than the 1905 Act." *Id.* at 839.

D. The Rule In Other Circuits Is That An Outside Cause For Suspension Of Use Of A Trademark precludes Abandonment

The Second Circuit's departure from the "intent to abandon" rule is especially unjust and harmful here since, as the District Court found, CBS ceased commercial use because "it succumbed to societal pressures and pursued a course of conduct that it reasonably believes to be in the best interests of the community." App. 16a. That is, CBS's nonuse was not the result of a voluntary intent to abandon, but a response to hostile external forces. Equity, as well as well-settled precedent, forbids the voiding of trademark rights here.

There is a large body of law holding that a mark is not abandoned due to nonuse where external conditions cause or lead to

the cessation of use. *Star-kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 1985) (period of unprofitability of business); *Defiance Button Mach. Co. v. C & C Metal Products Corp.*, 759 F.2d 1053, 1056 (2d Cir. 1985), *cert. denied*, 474 U.S. 844 (1985) (financial failure); *Sterling Brewers, Inc. v. Schenley Ind., Inc.*, 441 F.2d 675, 680 (C.C.P.A. 1971) (strike); *Poncy v. Johnson & Johnson*, 460 F. Supp. 795, 802 n.4 (D.N.J. 1978) (conscientious reluctance to use possibly misleading trademark); *see Cusenier*, 221 U.S. at 598, 31 S. Ct. at 674 (loss of rights in one foreign country). This body of law is a necessary concomitant of the general rule that abandonment depends upon the volition of the trademark owner. Nonuse due to outside causes cannot be voluntary.

The decision below departs from this well-established principle of law and holds that an external reason for nonuse alone is not sufficient to rebut abandonment. The Second Circuit relied on the *Exxon* case from the Fifth Circuit for this result, but *Exxon* (on remand) expressly noted that that there was no "outside cause" for the nonuse there, unlike the line of cases cited above. *Exxon Corp. v. Humble Exploration Co., Inc.*, 592 F. Supp. 1226, 1228, 1230 (N.D. Tex. 1984).

Thus, the Second Circuit's decision creates a conflict in the Circuits by its departure from the "external cause" line of cases.

It is evident from the foregoing that a definitive ruling is needed by this Court to unify the law as to what constitutes abandonment of a trademark under the Lanham Act.

II.

THE DECISION BELOW ERRONEOUSLY APPLIED FEDERAL LAW TO A QUESTION GOVERNED BY STATE LAW

In reaching its decision below on CBS's state law trademark rights, the Second Circuit erroneously applied federal standards regarding abandonment of trademarks. Furthermore, the stan-

dard applied by the Second Circuit conflicts with the standard adopted by the New York Court of Appeals on the issue of what constitutes abandonment of a trademark.

Whether or not CBS has abandoned its trademark rights under state law must be determined by reference to state law. *Erie R. Co. v. Tompkins*, 304 U.S. 64 (1938); *Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1043 (2d Cir. 1980) (state law governs the issue of abandonment insofar as that issue affects plaintiff's state law claim). Both because Silverman's complaint sought a declaration that CBS had no rights under any rule of law, and because CBS's trademarks were unregistered common-law trademarks, state law controlled the abandonment issue.

Before the Second Circuit's decision below, New York and federal law were in accord—both required an actual intent to abandon. *See Saratoga Vichy*, 625 F.2d at 1043. When the Second Circuit diverged from this line, however, based on federal cases and a misinterpretation of the legislative history of the Lanham Act, it erroneously applied the new standard to a state law issue. This was error.

The New York Court of Appeals has held in two decisions that a trademark will not be held abandoned unless an actual intent to abandon is demonstrated. *Neva-Wet Corp. v. Never Wet Processing Corp.*, 277 N.Y. 163, 173-74, 13 N.E.2d 755, 760 (1938) ("To constitute abandonment, there must be satisfactory evidence of definite acts on the part of [the owner] which indicate an actual intention permanently to give up the use of the trade-mark"); *Rockowitz C. & B. Corp. v. Madame X Co., Inc.*, 248 N.Y. 272, 276, 162 N.E. 76, 78 (1928) ("To constitute an abandonment there must not only be nonuser but an intent to abandon.")

The standard applied by the decision below, which requires the trademark owner to show "plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate" is in direct conflict with the state standard as to what is required to prove abandonment of a trademark: *i.e.*, an

actual intention to permanently give up use of the trademark. *Neva-Wet*, 277 N.Y. at 173-74.

This Court should therefore review and reverse the decision below, because the Court of Appeals failed to follow a decision of the highest court of the state on an issue controlled by state law, and instead adopted a standard directly in conflict with state law. Under well-settled principles of federalism represented by the *Erie* line of cases, the Court of Appeals departed from the accepted usual course of judicial proceedings so as to call for an exercise of this Court's power of supervision.

CONCLUSION

For the foregoing reasons, petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit in this case.

Respectfully submitted,

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